

Message Text

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17

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

IO-10 /093 W

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R 050437Z FEB 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 4978

INFO AMEMBASSY MANILA

C O N F I D E N T I A L CANBERRA 0788

DEPARTMENT PASS AGRICULTURE

E.O. 11652: GDS

TAGS: EAGR, ETRD, AS

SUBJ: SUGAR SHIPMENTS TO THE UNITED STATES

REF: MANILA 1493

1. EMBASSY UNABLE TO FIND ANY SUBSTANCE TO CLAIM IN REFTEL THAT AUSTRALIA HAS MADE LONG-TERM SUPPLY CONTRACTS FOR SUGAR WITH U.S. FIRMS. NO SERIOUS CONTRACT NEGOTIATIONS ARE NOW UNDERWAY, NOR DO WE KNOW OF ANY FIRM PROPOSALS IN THE PIPELINE.

2. IN PRESIDENT FORD'S PROCLAMATION WHICH OPENED THE U.S. SUGAR MARKET TO A 7 MILLION TON GLOBAL QUOTA, IT SUGGESTED THAT U.S. FIRMS SEEK LONG-TERM SUPPLY ARRANGEMENTS WITH FOREIGN SUPPLIERS. THIS SPARKED SOME INQUIRIES HERE. ONE U.S. FIRM REPORTEDLY APPROACHED THE AUSTRALIAN SUGAR BOARD ABOUT THE POSSIBILITY OF BECOMING A SOLE U.S. BROKER FOR AUSTRALIAN SUGAR. ENQUIRIES WERE ALSO MADE ABOUT POSSIBLE LONG-TERM CONTRACTS. HOWEVER, THE SUGAR BOARD DID NOT FEEL ANY OF THE INQUIRIES WERE FIRM ENOUGH

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TO PURSUE THEM. THE AUSTRALIAN SUGAR BOARD INSISTS THAT ALL

LONG-TERM CONTRACTS HAVE GOVERNMENT-TO-GOVERNMENT GUARANTEES OF PERFORMANCE WHICH MAKES CONTRACTING VERY DIFFICULT WITH INDIVIDUAL FIRMS.

3. IT IS OUR UNDERSTANDING THAT THE U.S. DEPARTMENT OF AGRICULTURE CURRENTLY HAS NO STATUTORY AUTHORITY TO EXCHANGE FORMAL LETTERS OF AGREEMENT TO HONOR SUCH LONG-TERM COMMITMENTS AS INSISTED ON BY THE AUSTRALIAN SUGAR BOARD. WE ALSO KNOW THAT ALL LONG-TERM CONTRACTS MADE BY THE AUSTRALIAN SUGAR BOARD ARE FOR SUGAR ONLY AND TO OUR KNOWLEDGE THERE ARE NO "PACKAGE" DEALS IN THEM. IN ANY CASE, THE U.S. SELLS VERY LITTLE SUGAR MILL EQUIPMENT TO AUSTRALIA.

4. COMMENT: IF AMEMBASSY MANILA HAS ANY SPECIFICS ON RUMORS IN REFTEL WE WOULD APPRECIATE RECEIVING THEM.
HARROP

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CANBER00788
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750041-0560
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750271/aaaac1zw.tel
Line Count: 77
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 MANILA 1493
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUL 2003 by CunninFX>; APPROVED <12 NOV 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUGAR SHIPMENTS TO THE UNITED STATES
TAGS: EAGR, ETRD, AS, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006